

The Challenge

USAID supports the President's National Strategy for Victory in Iraq to help create an Iraq with a constitutional, representative government that respects civil rights, maintains domestic order, and contributes to the fight against global terrorism. The strategy complements the Multinational Forces for Iraq and the Government of Iraq's counter-insurgency actions by reducing the conditions that accentuate the insurgency. The strategy supports economic and social stabilization programs to minimize local support for the insurgency and engage those outside the political process to turn away from violence. It also strengthens the institutional capacity of local and national governments to become effective providers of essential services to the Iraqi people. The strategy enables private economic growth to create an enabling environment that will allow the private sector to flourish, create jobs, and assist the Iraqis to rejoin the international economic community.

Objectives, Sectors and Workforce

Mission Director: Dawn Liberi

MCA Status: Currently Not Eligible

PEPFAR Focus Country: No

Provided or Received Services From Other Missions: Stand Alone

Program Budget (Appropriations by Objective)

	FY 2004 (\$000)	FY 2005 (\$000)	FY 2006 (\$000)	FY 2007 (\$000)	Percent Change FY 04-07	2005 SO Performance Score	Direct SO Admin. Cost Ratio
267-001 Infrastructure	1,494,287	0	0	0	N/A	N/A	N/A
267-002 Education and Health	185,175	10,000	0	0	N/A	1.07	Met
267-003 Expand Economic Opportunity	135,868	287,600	0	0	N/A	1.00	Met
267-004 Efficiency and Accountability of Government	386,074	236,900	0	0	N/A		0.01
267-006 Program Support and Development	4,500	0	0	0	N/A	N/A	N/A
267-007 Focused Stabilization	0	0	30,000	0	N/A	N/A	N/A
267-008 Economic Growth	0	0	0	212,500	N/A	N/A	N/A
267-009 Local Governance	0	0	35,000	0	N/A	N/A	N/A
267-010 National Capacity Development	0	0	25,000	25,000	N/A	N/A	N/A
267-SSS Department of State Programs	0	0	55,390	241,270	N/A	N/A	N/A
PL 480 Title II not Allocated to a Strategic Objective		2,963			N/A		
Country Total	2,205,904	537,463	145,390	478,770	-78.3%		

Program Budget (Appropriations by Account)

	FY 2004 (\$000)	FY 2005 (\$000)	FY 2006 (\$000)	FY 2007 (\$000)	Percent Change FY 04-07
Economic Support Fund	0	0	60,390	478,770	N/A
International Disaster and Famine Assistance	956	0	0	0	N/A
Iraq Relief and Reconstruction Fund	2,204,948	534,500	85,000	0	N/A
PL 480 Title II	0	2,963	0	0	N/A
Total	2,205,904	537,463	145,390	478,770	-78.3%

Program Budget by Sector and Account

	FY 2004 (\$000)	FY 2005 (\$000)	FY 2006 (\$000)	FY 2007 (\$000)	Percent Change FY 04-07
Basic Education IRRF	110,754	0	0	0	N/A
Agriculture and Environment ESF	0	0	0	84,000	N/A
IDA	956	0	0	0	N/A
IRRF	10,397	134,420	7,000	0	N/A
Higher Education & Training IRRF	9,009	74,800	13,000	0	N/A
Economic Growth ESF	0	0	55,390	369,770	N/A
IRRF	1,625,302	78,380	20,000	0	N/A
Human Rights ESF	0	0	5,000	0	N/A
IRRF	580	0	0	0	N/A
Democracy and Governance ESF	0	0	0	25,000	N/A
IRRF	383,494	236,900	45,000	0	N/A
Family Planning / Reproductive Health IRRF	0	2,030	0	0	N/A
Child Survival and Maternal Health IRRF	65,412	7,970	0	0	N/A
PL 480 Title II not Allocated to a Sector		2,963			N/A
Total	2,205,904	537,463	145,390	478,770	-78.3%

Workforce

	FY 2004	FY 2005	FY 2006	FY 2007	Percent Change FY 04-07
US Direct Hires	16	34	34	34	112.5%
US Non Direct Hires	31	34	54	51	64.5%
Foreign Nationals	104	130	187	183	76.0%
Total	151	198	275	268	77.5%

Operating Expense	FY 2004 (\$000)	FY 2005 (\$000)	FY 2006 (\$000)	FY 2007 (\$000)	Percent Change FY 04-07
Salaries and benefits	1,081	2,495	17,737	0	N/A
Travel	342	84	4,865	0	N/A
Transportation of things	428	64	534	0	N/A
Rent	0	0	86	0	N/A
Security	2,831	0	0	0	N/A
Equipment	4,088	3	844	0	N/A
ICASS - Operating Expense only	0	0	216	0	N/A
Other Operating Expense	9,353	1,096	6,718	0	N/A
Total OE Budget	18,123	3,742	31,000	0	N/A
US direct hire salary and benefits	1,375	3,598	3,203	0	-100.0%
Program Funded Administrative Expenses				4,332	
Country Total Administrative Budget				4,332	
Percent of Bureau OE Total				#REF!	

Mission Summary	FY 2004	FY 2005	FY 2006	FY 2007
Program per US Direct Hire (\$000)	137,869	15,808	4,276	14,081
Program per All US (\$000)	46,934	7,904	1,652	5,633
Program per Position (\$000)	14,609	2,714	529	1,786
Operating Expense as % of Program Funding				0.0%
Program Funded Admin Expense as % of Total Admin				100.0%
Total Admin Expense as % of Program Funding				0.9%

Other Major Donors:

Bilateral: The United States is the largest donor in Iraq. Other major bilateral donors are Japan, the United Kingdom, Canada, Italy, Korea, and Australia.

Multilateral: Multilateral donors are the United Nations (UN), the European Union, the World Bank, and the International Monetary Fund. The International Reconstruction Facility for Iraq, comprised of the UN and the World Bank Iraq Trust Funds, serves as a mechanism for implementing donor pledges.

Iraq PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2004 Actual	FY 2005 Actual	FY 2006 Current	FY 2007 Request
Economic Support Fund	0	0	60,390	478,770
International Disaster and Famine Assistance	956	0	0	0
Iraq Relief and Reconstruction Fund	0	0	0	0
IRRF - Emergency Response Fund	2,204,948	534,500	85,000	0
PL 480 Title II	0	2,963	0	0
Total Program Funds	2,205,904	537,463	145,390	478,770

STRATEGIC OBJECTIVE SUMMARY

267-001 Infrastructure				
IRRF	0	0	0	0
IRRF - Emergency Response Fund	1,494,287	0	0	0
267-002 Education and Health				
IRRF	0	0	0	0
IRRF - Emergency Response Fund	185,175	10,000	0	0
267-003 Expand Economic Opportunity				
IDA	956	0	0	0
IRRF	0	0	0	0
IRRF - Emergency Response Fund	134,912	287,600	0	0
267-004 Efficiency and Accountability of Government				
IRRF	0	0	0	0
IRRF - Emergency Response Fund	386,074	236,900	0	0
267-006 Program Support and Development				
IRRF	0	0	0	0
IRRF - Emergency Response Fund	4,500	0	0	0
267-007 Focused Stabilization				
IRRF	0	0	0	0
IRRF - Emergency Response Fund	0	0	30,000	0
267-008 Economic Growth				
ESF	0	0	0	212,500
267-009 Local Governance				
ESF	0	0	5,000	0
IRRF	0	0	0	0
IRRF - Emergency Response Fund	0	0	30,000	0
267-010 National Capacity Development				
ESF	0	0	0	25,000
IRRF	0	0	0	0
IRRF - Emergency Response Fund	0	0	25,000	0
267-SSS				
ESF	0	0	55,390	241,270

Mission Director,
Dawn Liberi

Data Sheet

USAID Mission:	Iraq
Program Title:	Focused Stabilization
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	267-007
Status:	New in FY 2006
Planned FY 2006 Obligation:	\$30,000,000 IRRF
Prior Year Unobligated:	\$0
Proposed FY 2007 Obligation:	\$0
Year of Initial Obligation:	2006
Estimated Year of Final Obligation:	2008

Summary: This objective will contribute directly to establishing economic and social stability in strategic cities, while Coalition and Iraqi security forces are establishing the vital security blanket. This program is a key part of the Multi-National Forces in Iraq Counter Insurgency Strategy. The program will contribute to community revitalization within strategic cities, providing medium term employment opportunities along with skills development focusing on young men and women; assistance in the development of small, medium, and micro-enterprises; and assistance to communities managing conflict.

Inputs, Outputs, Activities:

FY 2006 Program:

Support Populations at Risk (\$30,000,000 IRRF). USAID is working closely with the U.S. military and the Government of Iraq (GOI) to identify strategic cities and areas where focused stabilization programs will reduce insurgent activities. Working through community groups and local non-governmental organizations (NGOs), the \$30 million program is supporting community revitalization efforts in Baghdad and at least four other cities in FY 2006. Illustrative targets for the selected areas include the provision of at least 2,500 person years of employment and skills development; the expansion of 40 small and medium enterprises; the creation of 200 micro-enterprises; providing informal education to 5,000 young people; and supporting local NGOs in managing conflict situations in their communities. Principal Implementer: To Be Determined.

FY 2007 Program:

Performance and Results: Since April 2003, USAID has provided short-term stabilization activities geared toward the provision of short-term employment opportunities in transitional areas. USAID hired approximately 548,000 person months of short-term employment for activities such as refuse and sewerage removal projects, clinic rehabilitation, school renovations, canal clearance, and market development projects. In addition, USAID has developed practical rapid response mechanisms for delivering assistance, building important relationships with local firms and NGOs. Both the U.S. military and USAID have realized the need to take a longer term approach to stabilization efforts that would go beyond military post strike activities and the resources that have been provided to date. Focused stabilization has been developed to provide this capability. Utilizing methodologies and relationships it has developed with local entities, USAID will provide support to help communities in need. By the end of the program, USAID expects that over 1,500 communities in the ten targeted cities will prepare communities for longer term development efforts. This will be a vital step in stabilizing communities and gaining support for the GOI.

US Financing in Thousands of Dollars

Iraq

267-007 Focused Stabilization	IRRF
Through September 30, 2004	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2005	
Obligations	0
Expenditures	0
Through September 30, 2005	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2006 NOA	
Obligations	30,000
Total Planned Fiscal Year 2006	
Obligations	30,000
Proposed Fiscal Year 2007 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	30,000

Data Sheet

USAID Mission:	Iraq
Program Title:	Economic Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	267-008
Status:	New in FY 2006
Planned FY 2006 Obligation:	\$0
Prior Year Unobligated:	\$0
Proposed FY 2007 Obligation:	\$212,500,000 ESF
Year of Initial Obligation:	2006
Estimated Year of Final Obligation:	2008

Summary: USAID efforts in economic development will continue to help create a more transparent, efficient, and responsive public sector; to promote more effective legal and regulatory reform; and to increase the depth of private sector growth. This program will ensure that the institutions and policies of the Government of Iraq (GOI) promote economic growth, help give citizens the tools to take advantage of new opportunities, and further empower the burgeoning private sector.

Inputs, Outputs, Activities:

FY 2006 Program:

FY 2007 Program:

Improve Economic Policy and the Business Environment (\$90,000,000 ESF). Funds will be used to improve economic governance and private sector development programs, and to help the GOI make the politically difficult economic reforms needed to build a solid base for supporting and sustaining basic, essential services to the Iraqi people. These funds would support programs to help reform the subsidy system costing Iraqis billions of dollars a year in revenues, particularly fuel subsidies. This request would also support an overhaul of the trade investment regime and encourage foreign direct investment in Iraq, including in the oil sector. About \$10 million would also be used to help Iraq continue the legal process of World Trade Organization (WTO) accession. Principal Implementers: BearingPoint and another To Be Determined (TBD).

Improve Private Sector Competitiveness (\$38,500,000 ESF). USAID will support a variety of programs to improve Iraq's financial sector. Approximately, \$18.5 million will support microenterprise and small-medium enterprise loans to help the Iraqi business sector grow, particularly new microfinance institutions and a loan guarantee corporation. Through provincial economic development tied with national commercial, legal, and institutional reforms, USAID will provide firm-level assistance to at least 1,500 Iraqi-owned businesses. Approximately \$20 million of this funding is specifically focused on facilitating investment and private sector growth by building the capacity of the Ministry of Industry, local government and business organizations, and Iraqi microfinance organizations. Principal Implementers: Louis Berger and another TBD.

Increase Agricultural Sector Productivity (\$84,000,000 ESF). Through provincial economic development tied with national commercial, legal, and institutional reforms, USAID will integrate agriculture sector development and value-added processing with agricultural lending and firm-level assistance. Continued support will be provided to rural farmers to introduce modern and affordable technologies and practices. New assistance will be provided to the Ministry of Agriculture to introduce policy reforms and shift the agriculture sector to a market-based structure. Through capacity building efforts and country-wide monitoring, USAID will continue to support the Ministries of Water Resources and Agriculture to develop a water and land resource management strategy. USAID will continue to lead the implementation effort to prevent the spread of disease to the human population through vaccination campaigns and creating awareness among rural farmers. Principal Implementers: TBD.

Performance and Results: With USAID's support, Iraq began making crucial changes to implement economic reforms and encourage private sector growth. Significant structural and policy reforms have

been drafted and will move forward with the incoming national government. The number of businesses registered in Iraq increased by 38% over the last year. Sustainable government-sponsored entities have been established to attract and facilitate foreign direct investment and cross-border trade. The accession process to the WTO began and the Emergency Post Conflict Agreement with the International Monetary Fund has been achieved, providing for the second stage of \$32 billion in debt relief from Paris club member countries. Customs reforms and reducing technical barriers to trade are eliminating obstacles to international trade. Improved seed and modern production techniques have increased wheat production by 6.25% from the previous year. These results and others have provided significant progress toward full achievement of this strategic objective.

US Financing in Thousands of Dollars

Iraq

267-008 Economic Growth	ESF
Through September 30, 2004	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2005	
Obligations	0
Expenditures	0
Through September 30, 2005	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2006 NOA	
Obligations	0
Total Planned Fiscal Year 2006	
Obligations	0
Proposed Fiscal Year 2007 NOA	
Obligations	212,500
Future Obligations	0
Est. Total Cost	212,500

Data Sheet

USAID Mission:	Iraq
Program Title:	Local Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	267-009
Status:	New in FY 2006
Planned FY 2006 Obligation:	\$5,000,000 ESF; \$30,000,000 IRRF
Prior Year Unobligated:	\$0
Proposed FY 2007 Obligation:	\$0
Year of Initial Obligation:	2006
Estimated Year of Final Obligation:	2008

Summary: USAID's program will assist Iraq's provincial governments with developing a transparent and sustained capability to govern, promote increased security and rule of law, promote political and economic development, and provide provincial administration necessary to meet the basic needs of the population. These efforts are a top priority of the U.S. Government's development efforts and in part will be managed through coordination with the Provincial Reconstruction Teams (PRTs).

Inputs, Outputs, Activities:

FY 2006 Program:

Support Democratic Local Government and Decentralization (\$30,000,000 IRRF; \$5,000,000 ESF). The local governance program forms the heart of U.S. Government efforts in helping Iraq become more self-reliant. Work is being carried out in consultation with PRTs. Under the PRTs, USAID is promoting decentralization through building the capacity of Provincial Councils (PCs) to address citizens' needs at the provincial, district, and sub-district level. USAID is providing technical experts to enable PCs and their staff to carry out legislative and oversight responsibilities in a democratic and transparent manner. Activities are being linked with the National Council of Representatives and key provincial ministries to adopt new local government codes and to form a local government caucus in the National Council. USAID is carrying out pilot decentralization projects under the "learning by doing" component of the program and capacity is being strengthened on rules and procedures, subcommittee formation, meeting management systems, ethics and accountability codes, community-based activities, and locally-managed services. Assistance is being provided through the community action program to identify and prioritize community development projects in coordination with PRTs and the Provincial Reconstruction and Development Council, including rehabilitating water systems, roads, schools, and clinics. In addition, this program is promoting income generation/job creation in order to help minimize conflicts, particularly those brought on by insurgency or from ethnic/religious tensions. USAID is targeting civil society organizations as well as non-traditional partners such as cooperatives, labor unions, professional associations, and producer organizations to strengthen their capacity. In collaboration with local government outreach efforts, civil society organizations are working to address corruption, the needs of women and other minorities, and overall human rights issues within the province in which they work. Principal Implementers: Research Triangle Institute, America's Development Foundation, and others To Be Determined.

FY 2007 Program:

Performance and Results: USAID supported the establishment of local government structures and increased their capacity to deliver basic services. USAID has helped establish 16 of Iraq's 18 governorates, as well as 96 districts, 195 city/sub-districts, and 437 neighborhood councils. USAID trained and mentored more than 2,000 local council members, 15 governors, 42 deputy governors, and 420 department heads and staff on local government administration and service delivery. To encourage citizens to engage with their governments, 22,000 democracy dialogues were conducted with more than 750,000 Iraqis participating. Basic services for small community projects such as water, sewage, electricity, and solid-waste management were improved for over 21 million people throughout Iraq. USAID also worked to develop civil society groups and the media to encourage the active participation of Iraqi citizens at all levels of Iraq's emerging democracy.

The local governance program will build on these successes, focusing on institutionalizing local government systems through assistance to improve core public administration functions. More competent local government will contribute to the country's overall stability and local delivery of essential services (e.g., electricity, water, health, and education).

US Financing in Thousands of Dollars

Iraq

	ESF	IRRF
267-009 Local Governance		
Through September 30, 2004		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2005		
Obligations	0	0
Expenditures	0	0
Through September 30, 2005		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2006 NOA		
Obligations	5,000	30,000
Total Planned Fiscal Year 2006		
Obligations	5,000	30,000
Proposed Fiscal Year 2007 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	5,000	30,000

Data Sheet

USAID Mission:	Iraq
Program Title:	National Capacity Development
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	267-010
Status:	New in FY 2006
Planned FY 2006 Obligation:	\$25,000,000 IRRF
Prior Year Unobligated:	\$0
Proposed FY 2007 Obligation:	\$25,000,000 ESF
Year of Initial Obligation:	2006
Estimated Year of Final Obligation:	2008

Summary: USAID's new National Capacity Development Program will help the new Government of Iraq (GOI) strengthen the core functions necessary for the efficient administration of its key national ministries (e.g., Finance, Electricity, Oil, Municipalities and Public Works, Water Resources, Transport, Planning, Justice, Judiciary, Agriculture, Basic and Higher Education, Health, etc.), the Inspector Generals of these ministries, and anti-corruption organizations like the Commission on Public Integrity and the Board of Supreme Audit. Efficient and transparent ministry operations are imperative for meeting basic human needs for security, economic opportunity, reliable electricity and water, maintaining critical infrastructure, and other essential services associated with successful governance. USAID's new program will also build constituencies for targeted public policy reforms; improve processes for policy and legislative reforms within selected government institutions; support transparent and credible elections; and strengthen the capacity of both civil society and government for conflict mitigation and management.

Inputs, Outputs, Activities:

FY 2006 Program:

Improve Economic Policy and the Business Environment (\$5,000,000 IRRF). USAID is supporting the implementation of the Iraq Financial Management Information System and providing technical advisors to the Ministry of Finance, Central Bank of Iraq, and Prime Minister's Office to promote economic reforms and meet International Monetary Fund conditions. USAID will begin to close-out of these activities in May 2006 and will fully expend all funding by September 2006. Principal Implementer: BearingPoint.

Strengthen Public Sector Executive Function (\$20,000,000 IRRF). USAID is helping the new GOI to strengthen the core public administration functions of its key ministries in the areas of fiscal and personnel management, strategic planning and policy development, leadership, information technology, communications, and technical skills. Technical assistance is being provided to institutionalize public administration "best practices" of these core functions by developing standard public administration training modules and processes across the key ministries. In the area of public sector development, USAID, in partnership with the U.S. Department of Treasury, is spearheading the GOI initiative to implement the Iraqi Financial Management Information System linking all GOI ministries and all governorates under real-time government accounting system. Working with the Ministry of Finance, USAID and the U.S. Department of Treasury are assisting the GOI to revamp the budgeting process to increase efficiency and transparency. Economic policy advisors are assisting both the Ministry of Finance and the Prime Minister's Office to support continued economic reform efforts. Additionally, assistance is being provided to the Central Bank of Iraq to continue bank supervision and regulatory oversight capacity building. Principal Implementers: BearingPoint and another To Be Determined (TBD).

FY 2007 Program:

Strengthen Public Sector Executive Function (\$25,000,000 ESF). This funding will provide technical assistance to Iraqi banks, the stock exchange, and the securities commission. Approximately, \$20 million will specifically focus on building the capacity of the Ministry of Finance and the Central Bank of Iraq, particularly in their capacity to develop and execute budgets, manage financial system, and support the Iraqi payment system. USAID and the U.S. Department of Treasury will work in partnership on this program. Principal Implementers: TBD.

Performance and Results: Since 2003, USAID has been instrumental in providing key assistance to the new Iraqi governments. USAID helped establish the Independent Electoral Commission of Iraq and supported three successful election events, providing and distributing election materials and training 25,000 election monitors. USAID strengthened the capacity of the legislative branch of the Iraqi interim and transitional governments and their staff to govern more effectively through assistance and training in lawmaking, representation, and executive oversight. USAID also worked with the Executive Branch to develop governing processes--rules, procedures, regulations, and directives necessary to enforce the laws as well as mechanisms to implement government programs and policies.

US Financing in Thousands of Dollars

Iraq

	ESF	IRRF
267-010 National Capacity Development		
Through September 30, 2004		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2005		
Obligations	0	0
Expenditures	0	0
Through September 30, 2005		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2006 NOA		
Obligations	0	25,000
Total Planned Fiscal Year 2006		
Obligations	0	25,000
Proposed Fiscal Year 2007 NOA		
Obligations	25,000	0
Future Obligations	0	0
Est. Total Cost	25,000	25,000